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***The Department of the Treasury  
Office of Inspector General***

## **Report Title**

EXPORT ENFORCEMENT: Numerous Factors Impaired Treasury's Ability to Effectively Enforce Export Controls (OIG-03-069; issued March 25, 2003) (Limited Official Use)

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## **Synopsis**

This review was conducted in partnership with the OIGs at the Departments of Commerce, Defense, State, and the Central Intelligence Agency. The overall objective was to evaluate the adequacy and effectiveness of Treasury's export enforcement activities concerning the transfer of militarily sensitive technology to countries of concern, including efforts to (1) prevent the illegal export of dual use-items and munitions and (2) investigate and assist in the prosecution of export control violators.

We found that Customs has devoted limited resources to export enforcement. We identified a number of factors that impaired Customs' ability to effectively enforce export controls, some of which were beyond Customs' control. We also found that although Customs implemented planned corrective actions to address recommendations made in a 1999 OIG audit report regarding export enforcement, similar conditions still existed during our current review. Therefore, we believe that corrective actions taken were not always effective in correcting the deficiencies cited in the prior report.

We also found that the Office of Foreign Asset Control (OFAC) could benefit from better coordination with the State Department and Customs. We noted that Customs needs to keep OFAC apprised on the status of referred cases.

We made 11 recommendations to improve the effectiveness of Treasury's enforcement of export controls.

Customs was divested from the Department of the Treasury to the Department of Homeland Security (DHS) in March 2003 pursuant to the Homeland Security Act of 2002. Accordingly, audit follow-up is the responsibility of DHS management. The Department of the Treasury will be responsible for recommendations directed at OFAC.